


COMMITTEE OF THE WHOLE

**Room 104 – City Hall
NOVEMBER 3, 2003
4:15 P.M.**

PAGE

- 1~30 1. Discussion of Olmsted Medical Group/Public
Works Garage Proposal (attachment)**

Memo

To: Mayor and City Council
From: Stevan E. Kvenvold 
Date: October 31, 2003
Subject: Olmsted Medical Center / Public Works Garage

The representatives of Olmsted Medical Center have requested a meeting with the Mayor and City Council to discuss their proposal to exchange property with the City organization. Olmsted Medical Center would like to work out an arrangement whereby they would trade, to the City, property which they would purchase in the Woodlake Industrial Park for the existing Public Works yard and maintenance facility at 1602 4th St. S.E. (see attached).

The City has recently received estimates of the construction costs for replacement buildings. These construction costs are estimated at \$4,000,000.

The cost estimates have created some uncertainty about the feasibility of proceeding forward with the proposal since the City does not have the necessary funding currently available.

Currently available funding is as follows:

J # 2087	Central Maintenance Facility	\$ 579,217
J # 4936	Street Maintenance Building Improvements	\$ 171,169
J # 4938	Salt Storage Dome	\$ 310,607
J # 2031	Public Works Fuel System	<u>\$ 9,372</u>
	Sub-total	\$1,070,365
	Land proceeds from land swap	<u>\$ 250,000</u>
	Total	\$1,320,365

The City staff does not feel that the current Public Works yard and maintenance facility is in the proper location for the future service to the community. The City staff has been reluctant to recommend improvements to this facility at its current location.

The Mayor and City Council will need to determine if the circumstances of the current situation would justify advancing the proposal as a priority project for the organization. If so, I would work with the City staff to identify the additional financial resources needed to fund

2

the project. Since the 2004 CIP is currently being formulated, it would be possible to direct some of the proposed 2004 Public Works CIP funding to this proposed project.

Richard has mentioned negotiating an option for an additional 1.77 acres adjacent to the proposed Woodlake Park site to accommodate the possible participation of the County government and MnDOT at this location. I would recommend exploring whether the County and MnDOT have any interest in this location, however, I would be reluctant to recommend proceeding with an option to purchase additional property since we will have enough difficulty putting together the financial resources needed for this project without adding more financial requirements.

Memo

To: Stevan Kvenvold
From: Richard W. Freese *rwf*
CC: Doug Knott; Joe Fitzpatrick
Date: 10/31/2003
Re: Public Works Maintenance and Storage Facilities

Various Divisions of the Public Works Department have operated out of the facilities located at 1602 4th Street SE since 1965. Up until 1996, the entire Engineering, Traffic and Transit Divisions also worked at this location. Many of the buildings were constructed in the 1920s and 1930s and used by the Minnesota Department of Transportation.

Vehicle maintenance is performed at this location for the Public Works Street & Alley, Sewer Collection, Storm Water Maintenance, and Engineering Divisions in addition to City Hall fleet and Building Safety fleet. This amounts to a total rolling stock of 81 vehicles. Currently 49 full time Public Works employees report to work at the 4th Street facility. During the winter months, 25 vehicles are stored in a heated vehicle storage facility adjacent to the Water Reclamation Plant on West River Road.

In 1995 the City and County applied for and received a grant from the State of Minnesota to conduct an Operations and Facility Assessment Study of the City and County fleet maintenance that would form the basis to begin planning for new construction of either separate or combined fleet maintenance facilities.

In 1996, the City Council and County Board decided to engage the services of David M. Griffith and Associates, Ltd. (DMG) to assess the adequacy of management, operations, funding, and facilities providing vehicle maintenance and to identify opportunities for improvement. DMG's report discussed fleet related problems and potential solutions. DMG's report did not discuss aspects of performance, which they found to be fundamentally sound. The report presented conceptual building configurations that included site plans, building footprints, and construction cost estimates for several options.

The DMG report states that the existing City Public Works garage is in an advanced stage of disrepair and has many deficiencies, including:

- Poor floor drainage
- Undersized work bays
- Inadequate lighting
- Insufficient ventilation
- Cracked and pitted floors
- Insufficient ceiling height in service bay areas for vehicle hoist operation
- Inadequate parts storage space
- Inadequate covered storage space for sand, salt and road repair materials
- Inadequate employee amenities, including lavatories, locker and shower rooms
- Noise, exhaust fumes, and hours of operation incompatible with surrounding residential neighborhood

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The DMG report recommended that a new centralized Public Works and Parks Department facility should be constructed at a new location. The facility should be sized at approximately 65,550 square feet for vehicle maintenance garage, heated inside vehicle storage, vehicle wash bay, parts storage, offices, restrooms, locker rooms, shower rooms, lunchrooms and meeting rooms. In addition ancillary unheated facilities of 29,233 square feet should be constructed for salt storage, vehicle wash, construction materials storage, and vehicle storage. DMG indicated that these two facilities would require a site of approximately 8 acres and they estimated the cost in 1996 at \$6,600,000. They also recommended that the existing site at 1602 4th Street SE should be sold.

The DMG report was presented to a joint meeting of the City Council and County Board in late 1996. Both the City Council and County Board recognized the deficiencies and need to do something to address them, but neither was in a position to fund the entire cost of the improvements at that time. The City Council and County Board both supported the recommendation of the Sales Tax Extension Task Force to construct a joint or shared City / County Public Works facility with sales tax revenue. This recommendation was not supported by the area legislators and was not advanced to the State Legislature or local voters for approval.

The City Council began in 1995 to annually set aside some money in a fund to construct a new Public Works facility, J2087. Over the years (1995-1998) this project fund grew to approximately \$950,000. In 1998, the Council reallocated \$900,000 of these funds from J2087 to pay for the City's share of a new Law Enforcement Center communication system. Subsequently, the City received a Federal grant for the communication system and approximately \$500,000 was returned in 2000 to the new fleet maintenance facility fund, J2087. Over the past several years other CIP funds were budgeted and spent for improvements to the existing Public Works facility on 4th Street SE primarily in response to Y2K (emergency generator) and September 11, 2001 (security upgrades requested by FMC), and upgrades to the vehicle fueling system (1998 federal underground storage tank regulations). At this time there is currently \$579,216 of funds available in J2087 to construct a new Public Works facility. Additionally, the City has annually set aside funds for the construction of a new salt storage building, J4938. At this time there is currently \$310,606 that could be made available for this project in J4938.

Since 1995, the City has been approached on several occasions by several private, non-profit agencies interested in the City donating the 4th Street site to them. The City was not in a good financial or logistical position at those times to relocate the Public Works operations and construct new facilities and nothing further materialized.

Periodically during 2001-2003 Public Works management staff participated in discussions with Olmsted County Public Works staff and MnDOT District 6 Maintenance staff about jointly constructing a vehicle storage facility and salt storage facility on the south side of Rochester. MnDOT had budgeted some money to study this joint facility consolidation idea. Some progress was being made until the recent State Budget shortfalls eliminated all MnDOT funds for further study and possible construction. These three organizations were evaluating 20-40 acre undeveloped sites along 45th Street SE east of St. Bridget Road. The discussions were focused along the line of two joint, shared vehicle maintenance, vehicle storage, and salt storage facilities at a "north site" and a "south site" within the Rochester City limits. The "north site" would be the existing 34-acre site currently owned by MnDOT along the TH 52 West Frontage Road at 48th Street NW. This facility would jointly house MnDOT, County and City vehicles with joint vehicle maintenance and salt storage facilities. The "south site" would be utilized in the same manner with joint vehicle storage, vehicle maintenance, and salt storage facilities.

If Public Works was to move its operations from the 4th Street SE location is the Woodlake Park site a good location?

The answer to this question depends on whether one believes that one centralized facility for Public Works Street Division located in the geographic center of the City is better than two decentralized facilities located in the northern and southern parts of the City. One centralized facilities will be more cost effective to build, maintain and manage if it is solely for City Public Works operations and if it can

5

be located centrally within its service area thereby reducing the measurable unproductive "driving time" to and from work areas that may occur several times a day for each work crew.

The current Urban Service area for the City of Rochester extends approximately 15 miles in a north-south direction and 12 miles in an east-west direction. The geographic center of this area would be the Soldiers' Field / County Fairgrounds area. A fundamental problem with the single centralized facility concept will be the cost of securing the land to construct a centralized facility in the geographic center of the City.

I would suggest to the Council that two decentralized facilities can be as cost-effective to build, maintain, and manage if they are joint facilities owned and maintained with another City, County or State agency conducting similar work tasks. This "shared facility concept" has been proven to be cost-effective and has been implemented between MnDOT, a County and a City. The City of Hutchinson / McLeod County / MnDOT and the City of Moorhead / Clay County / MnDOT are examples where road maintenance facilities are shared.

The Woodlake Park location may not be the optimum location for the City Public Works Department's "south side" facility or even a joint City / County / MnDOT facility, but I believe that it can work and provide a level of service that would be measurably compatible with other locations. Obviously a location at either of the new TH 63 / 40th Street or the TH 63 / 48th Street interchanges would provide better access to the highway and better response time, but the significantly higher land costs could not be justified and it would not be the best use for that land. A drawback of the Woodlake Park is the deadhead time of 5-7 minutes per trip of traveling to and from the TH 63 / 40th Street interchange once it is constructed and the signal at TH 63 / 36th Street is removed and that access to TH 63 is closed. A second drawback is the lack of space on the proposed site for expansion if MnDOT and / or the County wanted to co-locate at the site. This problem can be addressed by securing an existing, vacant Woodlake Park lot of 1.77 acres in size to the south of the proposed site. This lot could be used for a salt storage building and the proposed salt storage building could be converted to heated vehicle storage for County and MnDOT vehicles.

Recently, the City Administrator advised the City Council that he had been contacted by the Olmsted Medical Group (OMG) who is interested in purchasing the 4.08-acre Public Works facility site on 4th Street SE from the City for expansion of their hospital located on the adjacent property to the east. Based on OMG interest in buying the land and providing some cash for relocation, the City asked A.B. Systems to prepare a cost estimate for a Public Works facility to be located on three lots totaling 5.2 acres in Woodlake Park.

Doug Knott's memo of 10/13/03 is attached and contains additional background information regarding the existing site and recent activities.

We are in receipt of a cost estimate for new public Works operations and maintenance facilities prepared by A.B. Systems. The proposed facilities are basic facilities at our request and direction. These are not prototype, first-class, state-of-the-art Public Works facilities, but rather something more consistent with what the private sector would build. The building design is compatible with other buildings in Woodlake Park. The estimate was prepared based on a possible phased approach to constructing the facilities.

- The estimated cost of the Building Site A is \$1,868,000 and consists of a 16,800 square foot on 2.064 acres and includes the following:
 - 5 bay vehicle maintenance service garage
 - vehicle wash bay
 - welding shop
 - sign shop

6

- offices, locker and shower rooms, lunch / meeting room
 - parts storage
 - mezzanine storage
 - vehicle fueling facility, including fuel tanks
 - employee parking lot
- The estimated cost of the Building Site B is \$1,875,000 and consists of a 59,500 square foot on 3.134 acres and includes the following:
- Heated vehicle storage for 40 vehicles
 - Unheated materials storage for:
 - Salt
 - Treated sand
 - Gravel, bituminous cold mix for pothole patching
 - Catch basin castings and covers
 - Storm sewer pipe, inlet boxes and culverts
 - Equipment that does not need heated storage

OMG's expansion impacts the vehicle storage building first and the fueling facility next. It has been suggested that the Building Site B (vehicle and material storage) could be constructed in 2004 and Building Site A at a later time. The last primary building at the 4th Street site to be impacted by OMG's expansion plans is the vehicle maintenance garage. Yet this is the building most in need of replacement due to the aforementioned deficiencies. In essence the city would be investing its first dollars in replacing the facilities that are in the best condition and in least need of repair.

Can a phased approach to relocating the Public Works operations from 4th Street SE to Woodlake Park be done?

Yes, but at what cost and at what productivity loss and at what impact to timely service delivery to the public is difficult to quantify. There are obviously operational cost and efficiency issues that need to be addressed if this were to occur. We estimate the operational impact associated with a split site could range from \$300 to \$500 per week in lost productivity. This productivity impact can best be described as equipment operator down time resulting from:

- Shuttling vehicles to and from the Woodlake Park vehicle maintenance facility and the 4th Street SE vehicle storage building
- Waiting for a mechanic to be deployed from the 4th Street SE vehicle maintenance facility to arrive at the Woodlake Park vehicle storage building to start or repair vehicle or change flat tire
- Driving to 4th Street SE site or some other private fuel provider (Greenway) to fuel vehicle

Approximately 26% of the employee time and 32% of the vehicles that would be located at the new facility are funded by either the Sewer or Storm Water Utilities. The two utilities should either pay for their respective share of the capital costs or a lease/rent payment. The utilities should also be charged a percentage of the utility and other operating costs for the facility.

Recommendations

1. Direct the City Administrator to begin negotiating the terms, conditions, and schedule for the purchase of the City's 4th Street Public Works facility by Olmsted Medical Group.
2. Direct the City Administrator to discuss the long term concept of two (2) jointly funded, shared vehicle storage and maintenance facilities and salt storage facilities with Olmsted County and MnDOT to be located on a "north site" and "south site" in Rochester.
3. Direct the City Administrator to negotiate and secure a 6-month purchase option on Lot 2, Block 3 of Woodlake Park for an additional 1.77 acres of space for the "south side" facility if MnDOT and Olmsted County choose to collocate with the City at this site.

Conclusions

For the following reasons there may not be a better time or opportunity for the City Council to make the decision to move the existing Public Works Department facilities from 4th Street SE to another location.

1. Interested buyer for the property that will be making a significant "community investment" on the land acquired from the City
2. Favorable construction climate in which to bid the construction of the new facilities
3. The condition of the existing facilities continues to deteriorate and an additional investment in the 4th Street facilities will be necessary in the near term
4. Existing facilities are incompatible with the existing uses in the neighborhood
5. New facilities will result in improved efficiencies and working conditions for Public Works crews

Memo

To: Mayor and City Council
From: Stevan E. Kvenvold *SEK*
Date: July 11, 2003
Subject: Olmsted Medical Center Proposal

Olmsted Medical Center is in the process of considering options to expand their hospital facility. They would like to work out an arrangement whereby they trade property which they have purchased in Woodlake Industrial Park for the City property at 1602 4th Street S.E. (existing Public Works yard and maintenance facility).

The attached proposal indicates that this property would be exchanged by the two parties with Olmsted Medical Center paying the City an additional \$250,000 towards the construction of a new vehicle storage facility. Olmsted Medical Center would also allow the City to lease back the existing facilities in order to facilitate an orderly transition to the new location.

The City's existing Public Works yard and maintenance facility is the location of the former Minnesota Highway Department. These facilities are quite old and in need of renovation or replacement if this location is to be maintained.

I have instructed Richard Freese to obtain some assistance in estimating the expenses involved if a move to a new location is approved.

Several years ago, the City and County were investigating the feasibility of a joint City/County maintenance facility. The expenses involved, in excess of \$12 million at that time, have precluded further serious discussion of a joint City/County facility. Given the current and projected future economic slowdown, I seriously doubt that either the City or the County will be able to assemble the needed finances for a joint maintenance facility anytime in the next decade.

The City currently has \$738,253 set aside for Public Works maintenance facility improvements. Therefore, approximately \$1,000,000 would be immediately available if the proposal is deemed worthy to pursue. Richard will attempt to get some cost estimates involved in the proposed relocation.

10

I believe that this proposal is worthwhile to pursue and will continue to do so unless otherwise directed by the Council. If you do disagree with this approach, please let me know.

Enclosure

c: G. Neumann
R. Freese
T. Spaeth
D. Martinson
D. Knott



Clinic • 210 9th St. SE Rochester MN 55904 • 507-288-3443

Hospital • 1650 4th St. SE Rochester, MN 55904 • 507-529-6600

July 7, 2003

Mr. Stevan Kvenvold
City Administrator
City of Rochester
201 Fourth Street Southeast
Rochester, Minnesota 55904

Dear Mr. Kvenvold:

Pursuant to our previous discussions, Olmsted Medical Center (OMC) asks for the City's consideration of the following proposal for a property exchange. Specifically this proposal is for the exchange of the City of Rochester's maintenance facility property located at 1602 Fourth Street SW for comparable property owned by OMC, located in the Woodlake Park industrial park in south Rochester. As noted previously, this exchange is being sought by OMC for the express purpose of future expansion of our existing hospital campus located at 1620 Fourth Street SW to insure our ability to meet the needs of our growing patient population through expanded surgery facilities, inpatient/outpatient areas and clinic space.

Property Exchange:

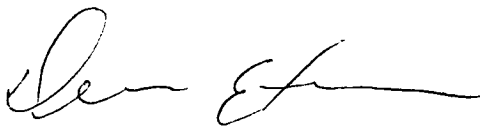
In exchange for the City transferring of their 1602 Fourth Street property and buildings, Olmsted Medical Center proposes the following:

- OMC would transfer to the City of Rochester its ownership of its property located in the Woodlake Park industrial park (Exhibit 1) and also agree to pay \$250,000 toward the construction cost of a vehicle storage building on the Woodlake Park property.
- For a period of time to be determined, OMC would agree to lease back to the City, use of the property and buildings located at 1602 Fourth Street Southeast that are not planned for removal related to our hospital campus expansion.
- Testing for hazardous materials would be necessary before final details can be negotiated for the exchange options presented. Olmsted Medical Center will pay for the testing procedures necessary to determine if hazardous materials exist. Assuming some contamination may be discovered, Olmsted Medical Center and the City of Rochester would agree to mutually discuss a fair and reasonable plan to clean up the site for the benefit of both parties.

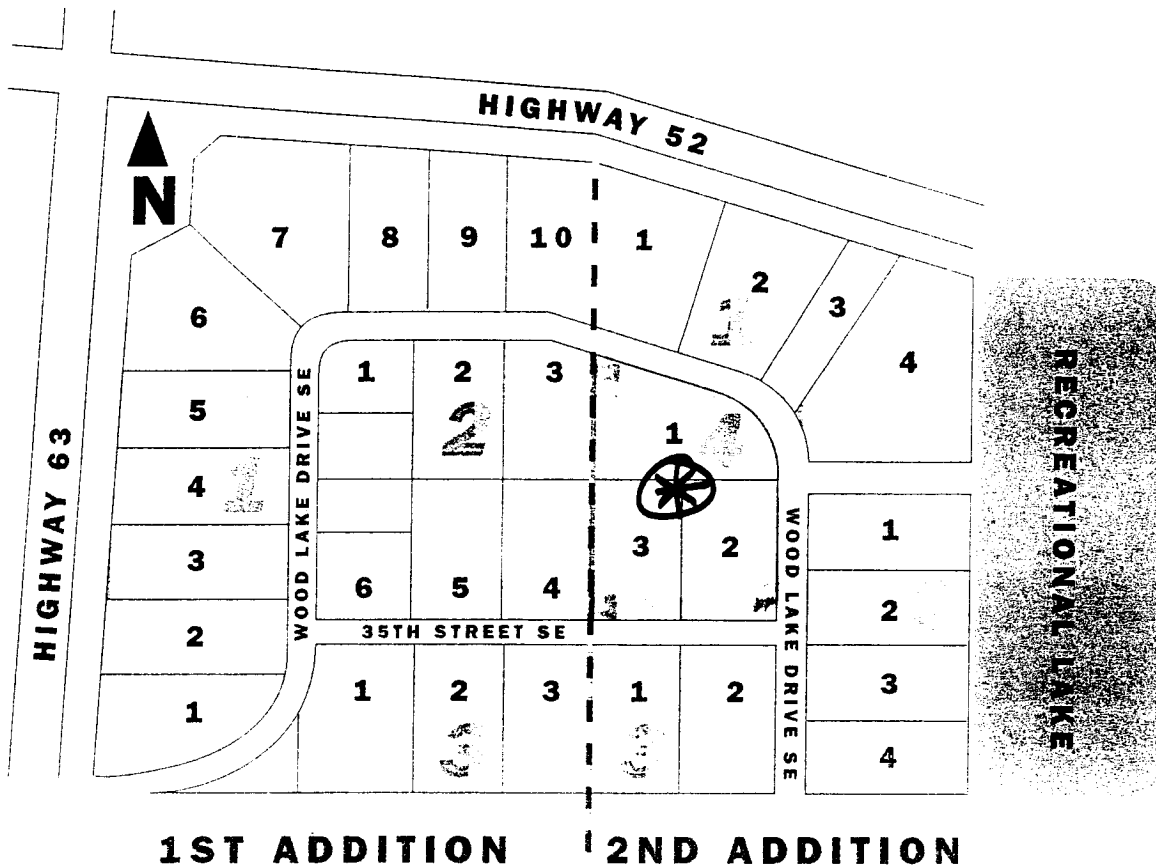
Thank you in advance for your consideration of our proposal. We sincerely hope that the City of Rochester will seriously consider our proposal, as securing this adjacent property for our hospital campus expansion is vital Olmsted Medical Center's continued success in meeting the needs of current and future residents living and working in a growing and vibrant Rochester. Please provide us with your advice and counsel on how we may proceed with the negotiations on this proposal in an efficient and mutually productive manner.

Sincerely,


Kevin Pitzer
Chief Administrative Officer


Dennis Etbauer
Assistant Administrator

12



Why You Should Locate in Wood-Lake Park?

Location

A short distance from downtown Rochester on Highway 63 South. Easy access to Highway 63 and 52 allows you straight travel to downtown, the airport, I-90, Minneapolis and La Crosse.

Benefits:

- Great exposure to your retail customers
- Easy access for clients
- Reduced cost for employees to get to work
- Reduced cost for banking, shopping, and dining due to proximity of these facilities
- Reduced trucking cost

Availability

Purchase sites are available now. Build to suite. Leasing office/warehouse

Utilities

City sewer, water and electric, natural gas service, telephone, fiber optic cable.

Benefits:

- Utilities meeting all your requirements
- Allows for easy expansion, since all utilities are provided

Environment

Landscapped facilities with underground lawn sprinkler, paved parking areas with concrete curbs, all underground utilities, recreational lake

Benefits:

- Higher productivity of your employees due to pleasant surroundings
- Professional image

In City Limits

City services are provided: police protection, fire protection, street maintenance, etc.

Benefits:

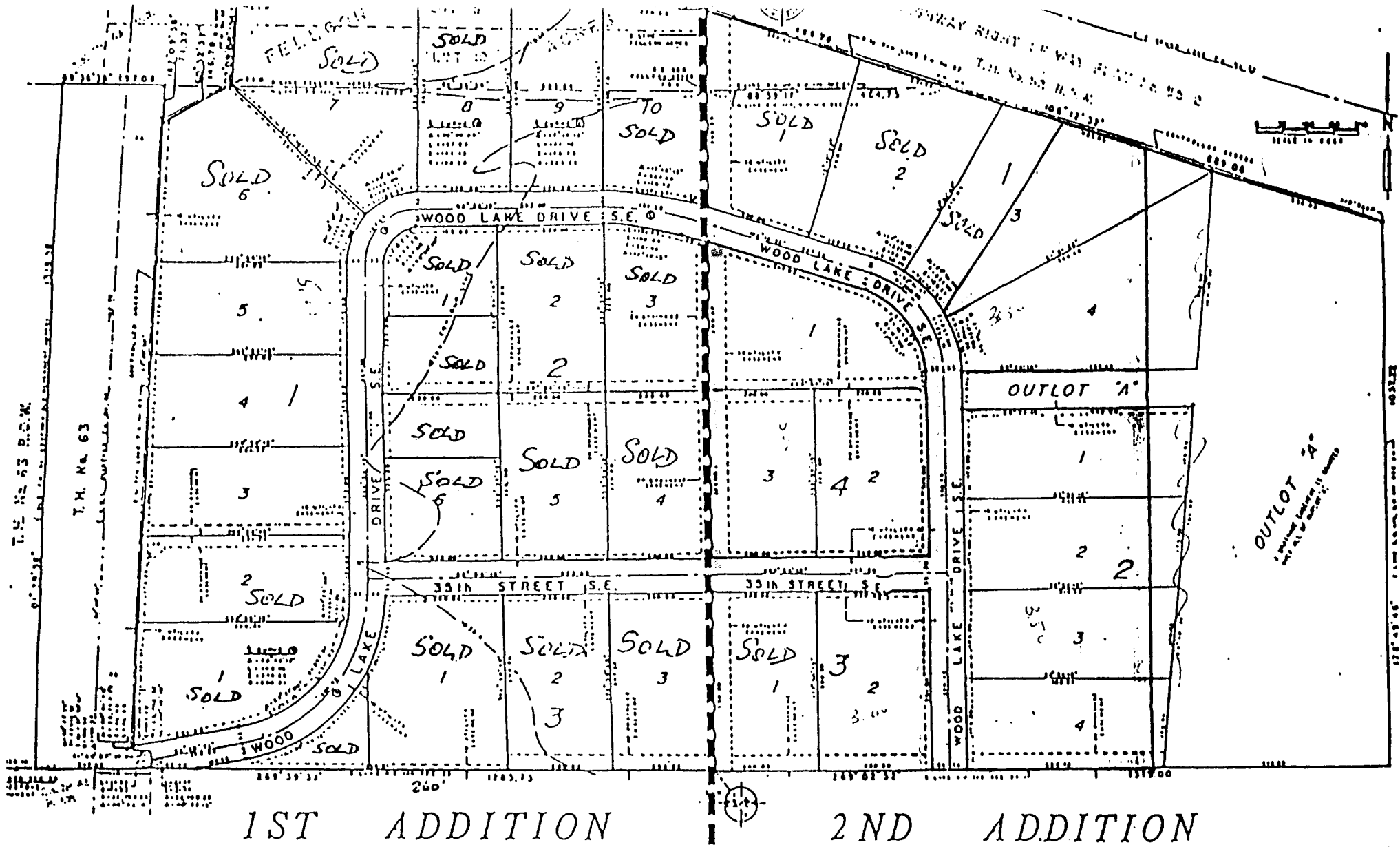
- Lower insurance rates
- Safe environment for you and your employees

Investment

On site management and construction company.

Benefits:

Your investment is protected because we control what is built in the park, and see that all facilities are maintained as per covenant. By having an on-site construction company, your construction costs are lowered and, at the same time, quality is maintained.



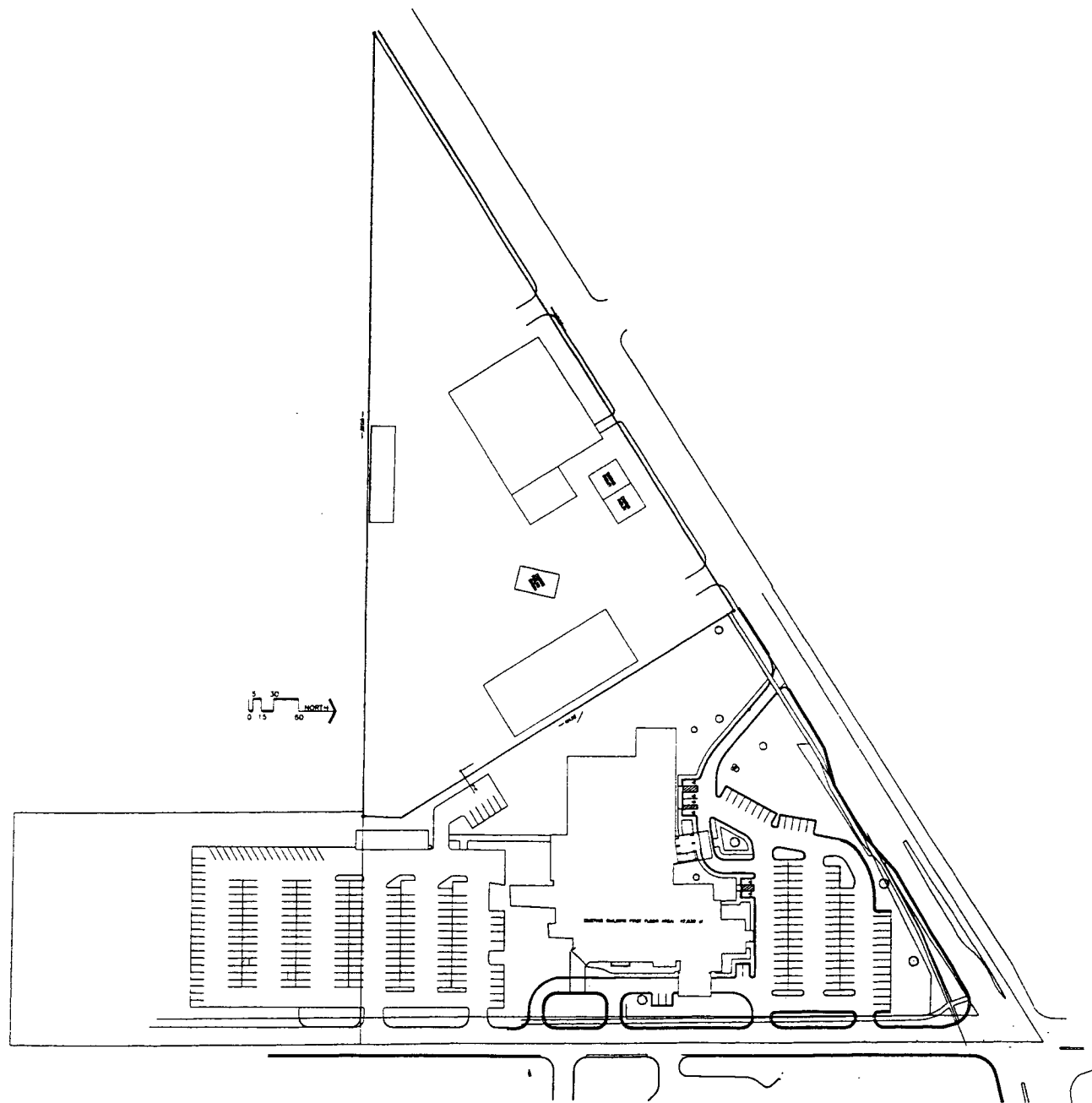
Contact: KARL SCHULLER 288-9397 56 Acres M-1 Zone

Exhibit "A"

KS






13

14



Existing Public Works Garage/Olmsted Medical Center Hospital



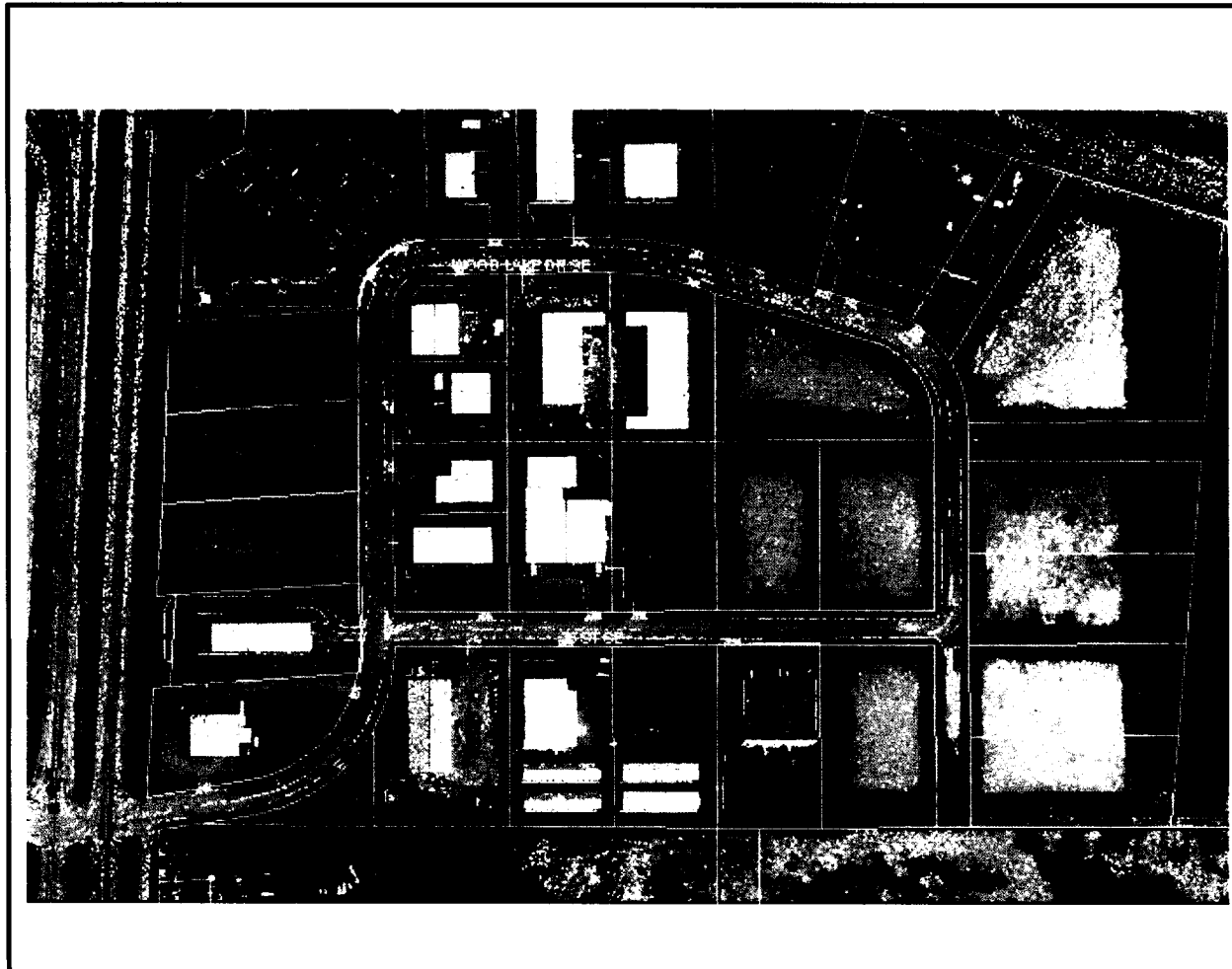
-  Major Road
-  Major Road Text (Text)
-  Street Text (Text)
-  Parcel Boundary
-  city_limit






Miles
0 0.02 0.04



ESRI ArcExplorer 2.0

PROPOSED WOODLAKE PARK PUBLIC WORKS GARAGE SITE



-  Major Road
-  Major Road Text (Text)
-  Street Text (Text)
-  Parcel Boundary
-  city_limit

Miles
0 0.02 0.04



Monday, Oct 27 2003

City of Rochester
City Administrator's Office

Memo

To: Stevan Kvenvold
From: DK Douglas A. Knott
Date: October 30, 2003
Subject: Public Works Garage

Attached are cost estimates prepared by A.B. Systems for a new Public Works garage facility in Woodlake Industrial Park. The cost is broken into two parts. The vehicle and material storage building has an estimated cost of \$1,875,000. The vehicle service/office building has a cost of \$1,868,000. The total cost for the new facility is \$3,743,000. The final page of the estimate identifies construction alternates for each of the buildings. Assuming that some of these alternates would be taken, the total project cost will approach \$4,000,000.

The estimate is based on an award of contract in 2004. The project could be constructed in approximately 6 to 8 months. I believe that this is a thorough and accurate estimate for the project and the building could be constructed for this amount assuming there are no significant changes in the scope of work or the schedule. The actual cost would be a function of the results of a competitive bidding process.



**BUDGET PROPOSAL
FOR SPRING 2004 CONSTRUCTION
WOOD LAKE PARK SECOND SUBDIVISION
BLOCK 4, LOT 1**

A.B. SYSTEMS, INC.
Designer/Builder/Developer
Established 1972

209 Wood Lake Drive S.E.
Rochester, MN 55904
Phone: (507) 288-9397
Fax: (507) 288-5113
E-mail: sales@absystemsinc.net

PROPOSAL FOR

Date: October 30, 2003

Proposal Number: 2003-117A

City of Rochester
Department of Rochester Public Works
201 4th Street SE
Rochester, MN 55904-3740

Project: Administrative/Vehicle Service Bldg.
ADM office 3,200 sq. ft.
Vehicle service/shop 14,600 sq. ft.
Storage mezzanine 1,380 sq. ft.
Total 19,180 sq. ft.

We propose to furnish the following for the sum of: One million eight hundred sixty eight thousand and no/100 dollars \$1,868,000.00.

This price includes the following:

Admin/ Vehicle Service

0100 General Conditions:

Material, labor, sales tax, freight, supervision, building permit, insurance, performance/payment bond, architectural, civil engineering, structural engineering, mechanical engineering, electrical engineering, testing, temporary utilities, and clean up.

0200A Site Work:

Site preparation, site excavation, site fill, curb cuts, sewer and water service, gravel base, bituminous, culverts, storm water piping, lawn irrigation, landscaping, sodding, seeding, and lot stripping.

0200B Fuel System:

Three (3) 10,000-gallon tanks, pads, submersible pumps, two (2) dual pumps, one (1) single pump, drive pad with raised islands.

0300 Concrete:

Footings, foundations, city and private sidewalks, concrete floors, aprons, trench drains, guard posts, anchor bolts and reinforcing steel, curb and gutter.

0400 Masonry:

Regular and decorative block.

0500 Pre-engineered Building System:

Approximately 17,800 square feet of pre-engineered building per IBC with 24-gauge interlocking walls, 24-gauge standing seam roof, wall and roof liner, gutters, downspouts, stair, and rails.

0600 Carpentry:

Partition framing, joist and deck, cabinets, and counters.

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**BUDGET PROPOSAL
FOR SPRING 2004 CONSTRUCTION
WOOD LAKE PARK SECOND SUBDIVISION
BLOCK 4, LOT 1**

0700 Moisture Protection:

Perimeter and under slab rigid insulation, roof and wall insulation.

0800 Doors, Windows, Glass:

Pedestrian doors, hardware, overhead doors, and windows.

0900 Finishes:

Drywall, floor tile, wall tile, acoustical ceilings, carpeting, base, glass board, painting, staining.

1000 Specialties:

Toilet accessories, mirrors, lockers, signs, and letters.

1500 Mechanical:

Fire sprinkler system, alarms, plumbing, HVAC, boilers, and gas piping.

1600 Electrical:


1,200-amp service, light poles, exterior and interior lighting, phone and data conduits, relocation of TV connections, fuel pump connections, HVAC connections, and power generator connection.

Exclusions:

Fencing, carbon monoxide system, coat racks, hoists, cranes, vending machines, appliances, air compressor, air piping, blinds, window treatments, water conditioners, flag pole, entry mats, and furniture. (See alternate sheet for additional pricing.)

Submitted By:

A. B. SYSTEMS, INC.



Peter Schuller, President

**BUDGET PROPOSAL
FOR SPRING 2004 CONSTRUCTION
WOOD LAKE PARK SECOND SUBDIVISION
BLOCK 4, LOT 1**

Alternates to 2003-117A

Administrative/Vehicle Service Building

- | | | |
|-----|---------------------------------------------------------------------------------------------------------------------------|--------------|
| 1. | Furnish and install 12-inch precast walls in lieu of SLX 364 metal walls, masonry, wainscot. | +\$83,181.00 |
| 2. | Relocate existing air compressor and equipment, connect 2-inch looped system with 36 miscellaneous drops or connections. | +\$15,680.00 |
| 3. | New air compressor system. | +\$ 7,168.00 |
| 4. | Refrigerated air dryer for compressed air system. | +\$ 3,808.00 |
| 5. | Maintenance product lines, 500 feet of miscellaneous pipe fitting oil, transmission fluid, anti freeze. | +\$11,200.00 |
| 6. | Furnish and install auto transfer switch for existing generator. | +\$ 6,720.00 |
| 7. | Furnish and install 501 lineal feet of chain link fence with 3-strand barbed wire and two (2) 25-foot auto sliding gates. | +\$13,453.00 |
| 8. | Individual vehicle exhaust system in vehicle service bay Room 106. | +\$11,252.00 |
| 9. | Furnish and install 5-foot by 100-foot canopy for north and partial east side | +\$13,328.00 |
| 10. | Furnish and install two (2) 20-foot 0-inch and one (1) 25-foot 0-inch flagpoles and bases. | +\$ 3,916.00 |
| 11. | Outside architectural versus design build. | +\$62,658.00 |



A.B. SYSTEMS, INC.
 Designer/Builder/Developer
 Established 1972

**BUDGET PROPOSAL
 FOR SPRING 2004 CONSTRUCTION
 WOOD LAKE PARK SECOND SUBDIVISION
 BLOCK 4, LOTS 2 & 3**

209 Wood Lake Drive S.E.
 Rochester, MN 55904
 Phone: (507) 288-9397
 Fax: (507) 288-5113
 E-mail: sales@absystemsinc.net

PROPOSAL FOR

Date: October 30, 2003

Proposal Number: 2003-117B

City of Rochester
 Department of Rochester Public Works
 201 4th Street SE
 Rochester, MN 55904-3740

Project: <u>Vehicle Storage</u>	<u>31,500 sq.ft.</u>
<u>Material Storage</u>	<u>28,000 sq. ft.</u>
<u>Total</u>	<u>59,500 sq. ft.</u>

We propose to furnish the following for the sum of: One million eight hundred seventy five thousand and no/100 dollars \$1,875,000.00.



This price includes the following:

Vehicle & material storage

0100 General Conditions:

Material, labor, sales tax, freight, supervision, building permit, insurance, performance/payment bond, architectural, civil engineering, structural engineering, mechanical engineering, electrical engineering, testing, temporary utilities, and clean up.

0200 Site Work:

Site preparation, site excavation, site fill, curb cuts, sewer and water service, gravel base, bituminous, lawn irrigation, landscaping, sodding, seeding, and lot stripping.

0300 Concrete:

Footings, foundations, city and private sidewalks, concrete floors, aprons, trench drains, guard posts, anchor bolts, reinforcing steel, push walls, curb and gutter.

0400 Masonry:

Regular and decorative block.

0500 Pre-engineered Building System:

Approximately 59,500 square feet of pre-engineered building per IBC with 26-gauge nestable walls, 24-gauge standing seam roof, wall liner for vehicle storage and eave trim.

0600 Carpentry:

Carpentry is not required.

0700 Moisture Protection:

Perimeter rigid insulation, roof and wall insulation in vehicle storage area.

0800 Doors, Windows, Glass:

Pedestrian doors, hardware, and overhead doors.

2A

**BUDGET PROPOSAL
FOR SPRING 2004 CONSTRUCTION
WOOD LAKE PARK SECOND SUBDIVISION
BLOCK 4, LOTS 2 & 3**

0900 Finishes:

Glass board above 8 feet to ceiling for vehicle storage area walls and painting.

1500 Mechanical:

Fire sprinkler system, alarms, plumbing, HVAC, and gas piping.

1600 Electrical:

400-amp service, exterior and interior lighting and outlets, and HVAC connections.

Exclusions:

Fencing, carbon monoxide system, hoists, cranes, vending machines, air compressor, air piping, water conditioners, and flag pole. (See alternate sheet for additional pricing.)

Submitted By:

A. B. SYSTEMS, INC.

Peter Schuller, President

25

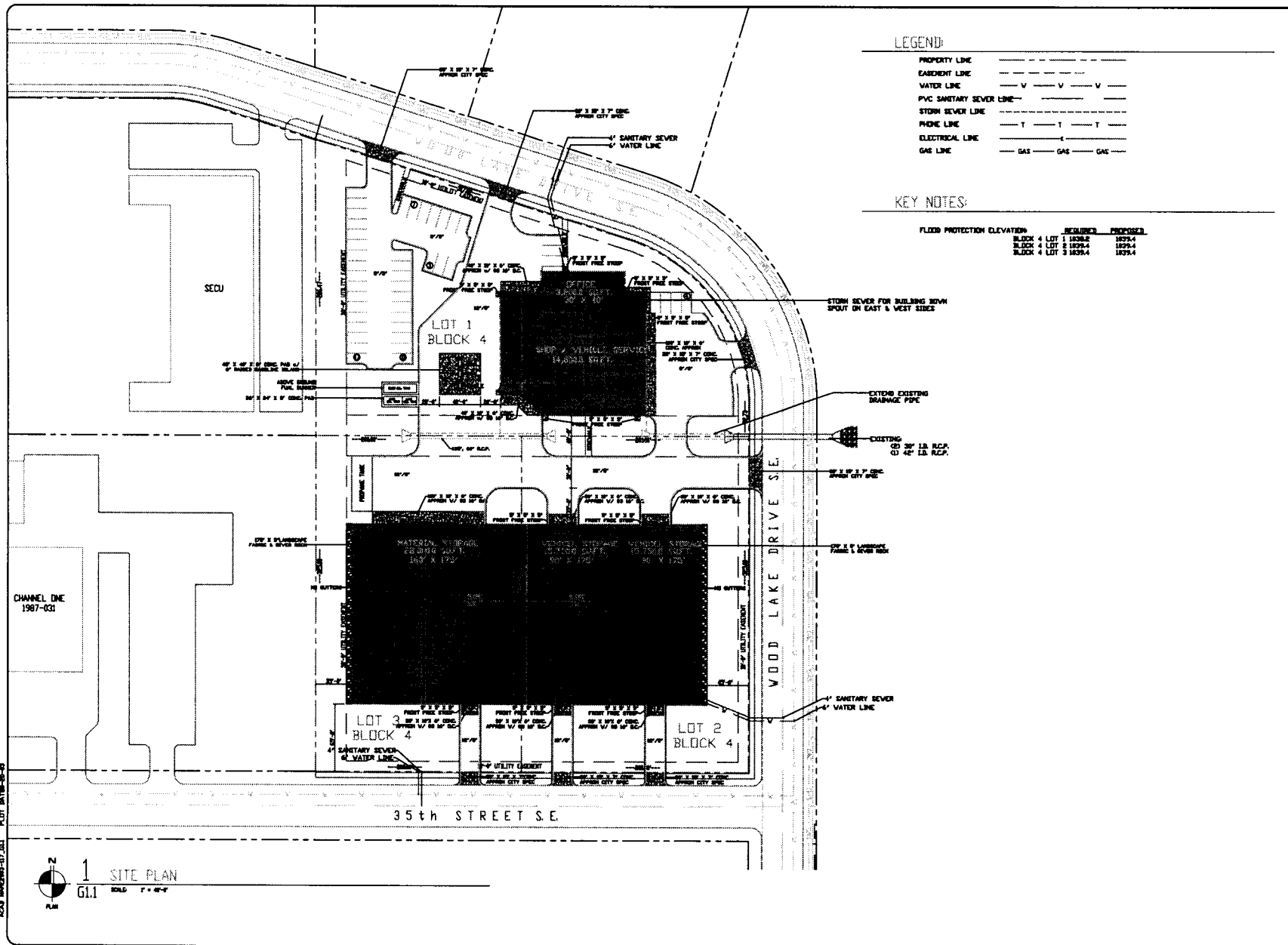
**BUDGET PROPOSAL
FOR SPRING 2004 CONSTRUCTION
WOOD LAKE PARK SECOND SUBDIVISION
BLOCK 4, LOTS 2 & 3**

Alternates to 2003-117B

Vehicle Storage/Material Storage Building

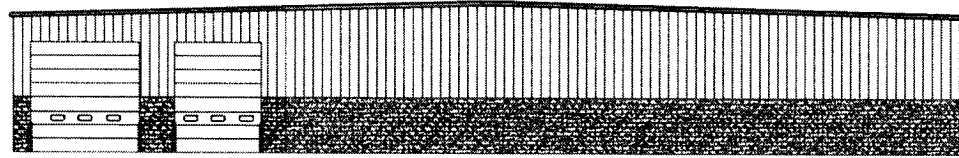
- | | | |
|-----|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|
| 1. | Delete the material storage portion (28,000 square feet) | <\$525,000.00> |
| 2. | Furnish and install 12-inch precast walls in lieu of SVR metal wall panels, masonry wainscot. | +\$141,603.00 |
| 3. | Furnish and install glass board ceiling in lieu of 29-gauge liner panel in vehicle storage area. | +\$ 68,056.00 |
| 4. | Furnish and install 29-gauge liner panel walls in lieu of glass board walls in vehicle storage area. | <\$ 69,196.00> |
| 5. | Furnish and install 29-gauge liner panel ceiling and 12-inch insulation throughout materials storage area | +\$ 49,848.00 |
| 6. | Furnish and install new generator for vehicle storage building. | +\$ 31,360.00 |
| 7. | Furnish and install 218 lineal feet of chain link fence with 3-strand barbed wire and one (1) 25-foot auto sliding gate. | +\$ 6,290.00 |
| 8. | Outside architectural versus design build. | +\$ 27,646.00 |
| 9. | Furnish and install 84-foot long by 8-foot high push wall for north material storage and a 96-foot long by 8-foot high push wall for the south material storage area. (This is in lieu of decorative block 8-feet high.) | +\$ 16,417.00 |
| 10. | Furnish and install 355 feet of 12-foot push wall with berm in lieu of west 8-foot push wall or 8-foot decorative block wall for north and south block walls. | +\$102,455.00 |
| 11. | Furnish and install 12-foot additional metal wall panels above the block wall or push wall (total of 20-feet high leaving approximately 4 feet top area open). | +\$ 11,866.00 |

PROPOSED PUBLIC WORKS GARAGE - SITE PLAN

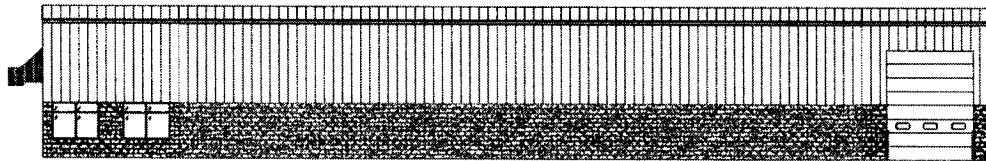


28

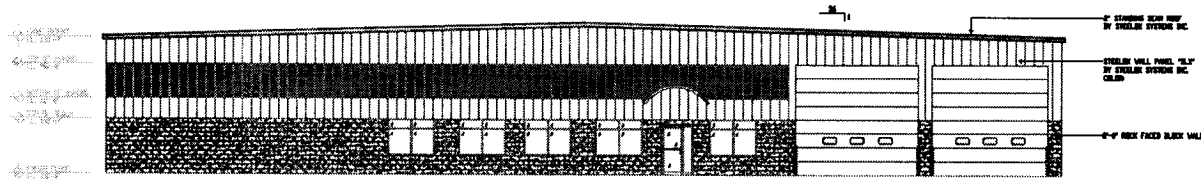
OFFICE, SHOP & VEHICLE SERVICE BUILDING



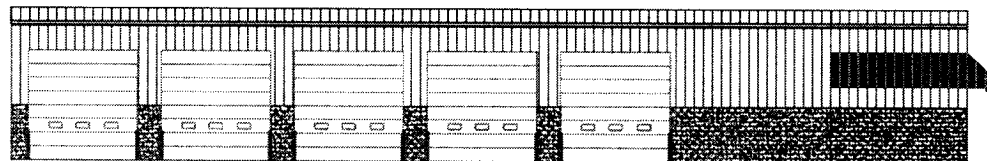
1 SOUTH ELEVATION
A2 1/8" = 1'-0"



2 WEST ELEVATION
A2 1/8" = 1'-0"



3 NORTH ELEVATION
A2 1/8" = 1'-0"



4 EAST ELEVATION
A2 1/8" = 1'-0"

DRAWN BY:MS
REVISIONS:

I hereby certify that this plan was prepared by me or under my direct supervision and that I am a duly registered architect under the laws of the State of Minnesota.

REG. NO. _____

DATE: _____

This drawing and the information it contains is the property of A.B. SYSTEMS, INC. It must not be copied, traced, or released without our consent.

PROJECT TITLE:

ROCHESTER PUBLIC WORKS
NEW FACILITY
ROCHESTER, MINNESOTA



A.B. SYSTEMS, INC.
General Contractor/Developer
800 VOOR LANE DRIVE, SUITE 200
ROCHESTER, MN 55904
PHONE: (507) 255-7000
FAX: (507) 255-7000
E-MAIL: INFO@ABSYSTEMS.COM

SHEET TITLE:

OFFICE ELEVATIONS

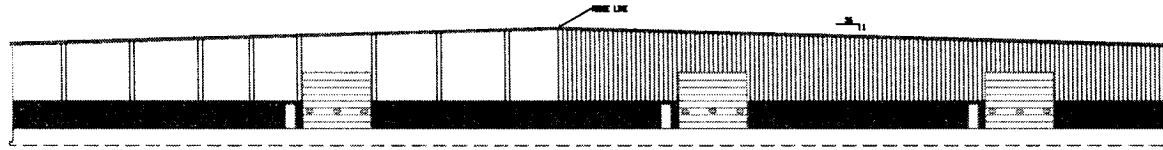
SHEET NUMBER:

A2

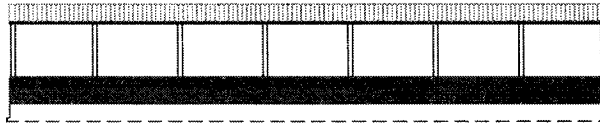
PROJECT NUMBER:

2003-117A

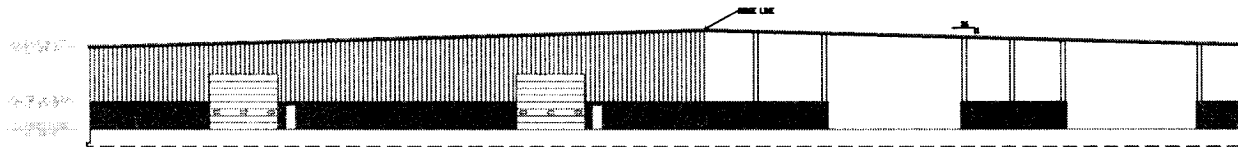
VEHICLE AND MATERIALS STORAGE BUILDING



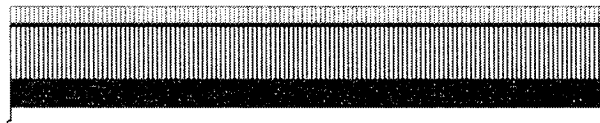
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DRAWN BY:MS
REVISIONS:

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REG. NO. _____
DATE: _____

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PROJECT TITLE:

ROCHESTER PUBLIC WORKS
NEW FACILITY
ROCHESTER, MINNESOTA



A.B. SYSTEMS, INC.
General Contractor/Developer
889 VOIS LANE DRIVE SW
ROCHESTER, MN 55904
PHONE: 612-358-1507
FAX: 612-358-1503
E-MAIL: UPON REQUEST

SHEET TITLE:

STORAGE BUILDING
ELEVATIONS

SHEET NUMBER

A2

PROJECT NUMBER

2003-117B

2

City of Rochester
City Administrator's Office

Memo

To: Steve Kvenvold, Richard Freese
From: Douglas A. Knott
Date: October 13, 2003
Subject: Public Works Garage Update

The 7/7/03 proposal from Olmsted Medical Center includes the following three elements:

- 1) An exchange of the City street maintenance property located at 1602 4th Street SE for an OMC property in Woodlake Industrial Park. In addition, OMC would pay the City \$250,000 to use toward the construction of a vehicle storage building at the Park.
- 2) OMC's first phase of expansion would be on the eastern portion of the site where the current vehicle storage building is located. OMC would lease back to the City the office, garage, shop and storage areas of the property that are not needed for their immediate development purposes.
- 3) Based on the results of an environmental assessment of the site, OMC and the City would negotiate an agreement for any clean up work that would be required.

The property was originally acquired by the state in 1908. The 4.08 acre site was used as a highway maintenance facility. The City purchased it in 1965. The existing office and shop buildings date back to at least the 1920's or 1930's. We constructed a new vehicle storage garage in 1984. The abstract for the property has been updated. Dave Goslee is reviewing it to make sure there are no covenants, restrictions or clouds on the title that would affect transfer to OMC, in the event that the specific terms of an exchange can be worked out. While it is not explicitly stated in the OMC letter, it is my understanding that they would purchase the property "as is" and would be responsible for the demolition of the existing buildings and improvements.

Woodlake Properties (Schullers/AB Systems) own the proposed swap site. OMC has a purchase agreement for it. The site consists of three adjacent lots containing a total of 5.2 acres. The site is traversed by a drainage way. The drainage way limits site layout options and potentially impacts development costs.

In order to present the OMC proposal to the Council for their review, we need an estimate of the total project cost for a new street maintenance facility. We should also have a general consensus on the terms of the purchase agreement. Questions related to the sales price, the schedule for relocation, the design and cost of a replacement facility, and method used to contract for construction are interwoven and will require input from a number of staff.

Pete Schuller has met with city staff twice. He is working on a street maintenance cost estimate based on a site layout prepared by Public Works. We are scheduled to review it with him at the staff level on 10/20/03. The estimate will include design, construction, permits, special inspections etc. It will probably need to be fine tuned after the meeting.

As noted, OMC's immediate interest is the eastern portion of the street maintenance property where the vehicle storage building is located. Hal Henderson of HGA has been representing OMC. To speed the process and minimize initial costs, he has suggested that we could erect the vehicle storage building at Woodlake first. The office, repair and sign shops and the remainder of the facilities could be constructed at a later date. This is the reason for the leaseback provision in Item 2 of the OMC proposal. I discussed the idea briefly with Richard. It might be possible to operate out of two locations for a brief period of time (several months during good weather) but it is too inefficient to do for any prolonged period. The leaseback clause of the letter does not discuss a rental amount. Any short term use we make of the space should be rent free.

Our property has been used as a fleet maintenance, garage and storage yard for over 70 years. For a good portion of that time it was owned by the State of Minnesota. Given the past use, there could be hazardous materials and areas of contamination at the site. OMC's letter indicates they would pay for the testing procedures to investigate environmental hazards. I assume that we will not ask them to go to this expense unless we feel that an exchange is feasible. A simple Phase I Assessment is probably not going to be adequate. A Phase II assessment would include collection and sampling of soils and other materials at the site.

An asbestos survey of the property was completed in 1997. Asbestos was found in pipe wrap, floor tiles etc. in the older buildings. The amounts seem typical for buildings of this vintage. The 1984 vehicle storage building is clean.

Contamination may be the most difficult issue to resolve in the purchase agreement. We can estimate the cost of remediation measures for any contamination discovered by the environmental assessment. Hopefully, we would be able to reach an agreement for the division of cleanup costs. Even the most thorough investigation can't find everything. Old buried tanks or other contaminated materials might not be discovered until excavation work for new construction has started. This could either happen at the first phase of OMC's expansion or years later during a future expansion phase. The uncertainty of both the magnitude of the problem, if any, and the timeframe in which it could be uncovered make this a more difficult issue to negotiate.

Because of their prior ownership, the State could be a responsible party with respect to the cost of any possible cleanup. If there is contamination at the site, the City will have to deal with it at some point in the future regardless of OMC's interest in the property. The City Attorney's office will need to be closely involved in this matter.

Several options have been discussed regarding how we might go about contracting for the construction of a new street maintenance facility. I have attached information from the League of Cities that describes permissible contracting arrangements. Traditionally, we have done design/bid/build contracts where we hire an architect to complete a design that is competitively bid by general contractors for a lump sum amount. As an alternative we could utilize a design/build arrangement where the architect and the contractor "team" together for the project. Design/build teams would still be required to competitively bid the work.

It is also possible to enter into lease purchase agreements. A third party could develop the new street maintenance site and lease it back to us with an option for City purchase at the end of the lease period. The primary advantage of this arrangement is that it doesn't require the City to come up with the funds necessary to construct the facility at the front end of the project (we would need to budget for the annual lease payments). The League material indicates that the lease purchase agreement needs to be cancelable at the end of any fiscal year during the term of the lease. This could make it difficult for a private party to finance the construction. The property may also be taxable for property tax purposes under this arrangement.

Olmsted Medical is anxious for a response from the City. Henderson has called and asked when it will be discussed by the Council. Before scheduling the proposal for a Committee of the Whole meeting it would be worthwhile to discuss the proposal directly with OMC representatives. This could happen anytime after we review the cost estimate with AB Systems.